

Message Text

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44

ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ADP-00 EB-11 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-09 H-02 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 COME-00

INT-08 SCEM-02 GAC-01 OMB-01 TRSE-00 JUSE-00 IO-12

RSR-01 NEAE-00 /139 W

----- 088982

O R 171110 Z MAY 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC NIACT IMMEDIATE 6672

INFO AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY JIDDA

GMHSBE/ AMEMBASSY BEIRUT 2948

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

C O N F I D E N T I A L KUWAIT 1664

E. O. 11652: GDS

TAGS: ENERG JA KU SA IR

SUBJ: ENERGY: COUNTERING COMMENTS OF JAPANESE MITI MINISTER
NAKASONE.

REF: A. STATE 88651; B. STATE 85246

SUMMARY: CHARGE SAW MIN FINANCE AND OIL ATIQUI MAY 17 TO COUNTER

COMMENTS NAKASONE IMPLYING USG PROMOTING CARTEL OF CONSUMING
NATIONS TO CONFRONT OPEC. ATIQUI APPARENTLY NOT ENTIRELY CON-
VINCED, BUT IMPLIED HE WOULD JUDGE BY FUTURE USG ACTIONS. REF-
ERRING TO OPEC DOLLAR DEVALUATION COMPENSATION WITH COMPANIES,
ATIQUI SAID AMERICAN COMPANIES APPEARED TO BE PREVENTING AGGREE-
MENT AND SAID THEY SHOULD REALIZE OPEC GOVERNMENTS COULD NOT
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SURVIVIE IF THEY ADOPTED THESE LOSSES. HE ADDED COMPANIES

SHOULD

BE WARNED THAT FAILURE TO AGREE ON COMPENSATION COULD LEAD TO

DENOUNCIATION OF TEHRAN AGREEMENTS. ACTION REQUESTED: AGREEMENT TO ATIQI'S RELEASING STATEMENT ON US POSITION MENTIONED PARA ONE. END SUMMARY.

1. AFTER REPEATZR ATTEMPTS, CHARGE GIVEN APPOINTMENT WITH MIN FINANCE AND OIL ATIQI MAY 17. (MIN HAD MADE QUICK TRIPS TO RIYADH AND TEHRAN IN LAST FEW DAYS.) AS INSTRUCTED REF A, CHARGE MADE PRESENTAGXON ALONG LINES REF B, POINTING OUT THAT ANY IMPRESSION NAKASONE MAVY HAVE LEFT THAT USG PROMOTING CARTEL OF CONSUMING NATIONS FOR CONFRONTATION WITH OPEC WAS TOTALLY UNFOUNDED. CHARGE ALSO POINTED OUT PRESIDENT'S ENERGY MESSAGE COUCHED IN TERMS OF COOPERATION, ESPECIALLY REFERRING TO SECTION CONCERNED WITH INTERNATIONAL COOPERATION. "IMPORTANT POINT" MADE PARA 2 REF B, FULLY MADE AND AHOVOI GIVEN PARAPHRASE OF THAT PARAGRAPH BEGINNING WITH "CONSIDERATION AND CONSULTATIONS" IN SECOND Z NTENCE IN ORDER TO ENSURE HE FULLY AWARE OUR POSITION.

2. ATIQI SAID HE HAD HEARD MANY REPORTS OF US EFFORTS TO GET TOGETHER GROUP OF CONSUMING COUNTRIES FOR FEW YEARS AND ALTHOUGH HE DID NOT KNOW THAT SUCH A GROUP WOULD BE DIRECTED AGAINST OPEC, HE DID NOT KNOW PRECISELY WHAT THE PURPOSE OF SUCH A GROUP WOULD BE. CHARGE REITERATED STATEMENTS MADGUEARLIER AND AGAIN EMPHASIZED US POLICY AID AT COOPSPION IN INTERNATIONAL OIL INDUSTRY. IN REPLY, ATIQI SAID IT MIGHT BE USEFUL IF HE GAVE STATEMENT RE US POSITION MENTIONED PARA Q ABOVE TO THE PRESS. DID I HAVE ANY OBJECTIONS TO HIS DOING SO? CHARGE SAID HE THOUGHT THERZ WOULD BE NO OBJECTION, BUT HE AKULD HAVE TO OBTAIN APPROVAL FROM DEPT FIRST.

3. ATIQI THEN SAID OPEC WAS PERFORMING GREAT SERVICE TO BOTH PRODUCING AND CONSUMING COUNTRIES, SINCE TI WAS PROVIDING STABILITY IN INTERNATIONAL OIL AFFAIRS. HE AGREED WHOLEHEARTEDLY THAT ABSOLUTELY NOTHING COULD BE GAINED FROM CONFRONTATION BETWEEN PRODUCING AND CONSUMING STATES -- AND A GREAT DEAL COULD BE LOST. HE CAME OUT STRONGLY IN FAVOR OF COOPERATION INTERNATIONAL OIL AFFAIRS.

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4. ATIQI THEN SAID HE WAS ON OPEC TEAM NEGOTIATING WITH OIL COMPANIES RE COMPENSATION FOR DOLLAR DEVALUATION AND HE WAS DISCOURAGED, SAYING THAT THE TALKS HAD GOTTEN ABSOLUTELY NOWHERE. HXASAIID OIL COMPANIES AND USG MUST KNOW THAT "WE CANNOT SURVIVE AS GOVERNMENTS" IF WE DO NOT OBTAIN REIMBURSEMENT FOR DAMAGE WE HAVE SUFFERED. THE COMPENSATION PROVIDED BY THE GENEVA AGREEMENT IS "IMPOSSIBLE" FOR US, HE SAID -- WE CANNOT CONVINCE OUR GOVERNMENT OUR PEOPLE AND OUR NATIONAL ASSEMBLY THAT THEY MUST ACCEPT A LOSS OF SIXTY MILLION DOLLARS.

5. ATIQI, MORE IN SORROW THAN IN ANGER, SAID OIL COMPANIES SHOULD UNDERSTAND SITUATION, AND THEY HAD HAD A BIG WINDFALL. AS A METTER OF FACT, ATIQI CONTINUED, OIL PRICES HAVE RISEN SO RAPIDLY THAT

OPEC STATES WOULD BE JUSTIFIED IN DEMANDING A RENEGOTIATION OF THE TEHRAN AGREEMENT; HOWEVER HE SAID WE STILL HONOR IT. IF OIL COMPANIES

WILL NOT AGREE TO MAKE UP DOLLAR DEVALUATION LOSSES, WHY SHOULD OPEC IMPOSE SANCTIONS FOR A MERE THREE TO FIVE CENTS A BARREL? THE OIL COMPANIES SHOULD BE WARNED ATIVI ADDED, THAT FAILURE TO AGREE ON DEVALUATION LOSSES COULD JEOPARDIZE THE WHOLE FRAMEWORK OF TEHRAN AGREEMENT. HE ADDED QUIETLY BUT SOMEWHAT IMPATIENTLY THAT WE CANNOT KEEP LEAVING OUR WORK, WASTING OUR TIME RUNNING AROUND AFTER OIL COMPANIES

ONLY TO RECEIVE A " NO".

6. ATIQI SAID IT WAS HIS DEFINITE IMPRESSION THAT IT WAS MOSTLY THE AMERICAN COMPANIES THAT WERE AGAINST AGREEMENT. HE SAID THAT OPEC NEGOTIATORS WOULD SHORTLY BE MEETING FRJFGIN WITH THE COMPANY REPS AND HE HOPED STATE DEPT WOULD ADVISE THE OIL COMPANIES THAT THEY MUST TAKE A CONSTRUCTIVE APPROACH.

7. CHARGE SAID USG FULLY AGREED WITH ATIQI' S EMPHASIS ON COOPERATION RE US OIL COMPANIES, CHARGE POINTED OUT THAT USG IS MOST INTERESTED THAT PARTIES REACH AN AMICABLE AGREEMENT SATISFACTORY TO BOTH; HOWEVER USG IS NOT IN A POSITION TO INSTRUCT OR DIRECT THE COMPANIES TO ADOPT ANY PARTICULAR POLICY, COMPANIES ENTIRELY INDEPENDENT
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IN CARRY OUT OWN BUSINESS. ATIQI SAID HE UNDERSTOOD BUT ASKED DEPT COUNSEL THE COMPANIES. CHARGE SAID HE WOULD CONVEY ATIQI' S COMMENT

TO DEPT SOONEST.

8. ASKED IF HE HAD ANY COMMENTS TO ADD TO THOSE OF HIS DEPUTY ADASANI RE PRESIDENT' S ENERGY MESSAGE (KUWAIT 1364) ATIQI SAID HE AGREED WITH WHAT ADASANI SAID, THAT KUWAIT NOT IMMEDIATELY AFFECTED. HE HAD READ MESSAGE VERY CAREFULLY AND THOUGHT IT AN EXCELLENT AND WELL REASONED PROGRAM COVERING THE FIELD THOROUGHLY SAID HE HOPED KUWAIT COULD SOMEDAY BENEFIT FROM RESEARCH THAT WOULD BE CARRIED OUT.

10: RE KUWAIT RATIFICATION OF PARTICIPATION AGREEMENT ATIQI SAID AGREEMENT STILL WITH NATIONAL ASSEMBLY AND HE HAD NO INFORMATION AS TO WHEN IT WOULD BE REPORTED OUT. HE COMMENTED SOMEWHAT OMINOUSLY HOWEVER, THAT THINGS ARE MOVING VERY FAST IN INTERNATIONAL OIL FIELD.

11. COMMENT: ATIQI WAS ENTIRELY FRIENDLY IN HIS MANNER AND ALL THAT HE SAID. IT WAS REASONABLY CLEAR THAT HE DID NOT UNRESERVEDLY ACCEPT OUR STATEMENT THAT USG HAD NO INTENTION OF FORMING GROUP TO CONFRONT OPEC, INDICATING HE WOULD WAIT AND SEE WHAT OUR FUTURE ACTIONS INDICATED. IT WAS CLEAR HE WOULD VIEW A MORE

" COOPERATIVE" STANCE ON THE PART OF US COMPANIES AS A TOKEN OF A
US DESIRE TO AVOID CONFRONTATION. ACTION REQUESTED.
REQUEST APPROVAL ATIQI RELEASING STATEMENT MENTIONED
ABOVE TO PRESS BY OPENING OF BUSINESS MAY 19.
MCCLELLAND

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<< END OF DOCUMENT >>

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